

**Council Report Backs**  
2022 2023 Budget Questions – Part 2

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<b>Question 1</b>	<b>Question From</b>	<b>Answer From</b>
Wisconsin Avenue – PCI; Mill and Overlay vs Reconstruct; complete streets; consistent cross section	Riggenbach	Public Works

The 2020 PCI was 42. Once design starts, pavement cores will be taken to determine if we can mill & overlay or if complete pavement removal and replacement is required.

We will review the corridor to determine the appropriate cross section and provide complete street elements. The cross section may vary in some sections to keep parking where necessary. There may be different needs in the residential area verses the commercial area. We will hold a public meeting, as is typical for larger design projects like this, to gather feedback on the complete streets elements, cross section, etc.

If state MFT funds are used for design or construction, the project timeline needs to be extended to allow for IDOT review. This would potentially make design a 2-year process instead of a 1-year process pushing construction out another year. This year review times from IDOT have been quite a bit longer than expected which impacts the start of construction.

<b>Question 2</b> Public Safety Pension Liability Changes since Pension Fee	<b>Question From</b> Ruckriegel	<b>Answer From</b> Finance City Manager
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The City of Peoria instituted a Public Safety Pension in 2019. The fee is assessed annually on all properties in the City of Peoria based on a square footage calculation. Annually, the fee brings in approximately \$2 million to the City. This fee was established to help pay the City’s annual required pension contribution. This contribution is paid through the property tax levy, an additional transfer from the General Fund, and since 2019 the public safety pension fee. Below is the City’s contribution to Public Safety Pensions since 2018.

	2018	2019	2020	2021	2022
Taxes	\$ 18,807,425.00	\$ 20,276,575.23	\$ 19,537,486.54	\$ 18,933,853.00	\$ 19,361,392.00
Pension Fee	\$ -	\$ 1,129,501.05	\$ 1,438,801.84	\$ 2,004,070.00	\$ 2,044,700.00
General Fund Transfer	\$ -	\$ 204,503.58	\$ 3,137,871.00	\$ 5,200,787.00	\$ 6,427,623.00
<b>Total City Contribution</b>	<b>\$ 18,807,425.00</b>	<b>\$ 21,610,579.86</b>	<b>\$ 24,114,159.38</b>	<b>\$ 26,138,710.00</b>	<b>\$ 27,833,715.00</b>

This chart shows how the City’s annual required contribution has increased from \$18.8 million in 2018 to \$27.8 million in 2022. This increase will continue due to the spread of the City’s pension net position and its pension liability. The last 3 years change to pension liability are below:

		2018	2019	2020
	Pension Net Position	\$ 158,735,632.00	\$ 192,056,172.00	\$ 199,337,082.00
Police	Pension Liability	\$ 320,316,156.00	\$ 374,350,632.00	\$ 410,250,148.00
	Net Pension Liability	\$ 161,580,524.00	\$ 182,294,460.00	\$ 210,913,066.00
	Pension Net Position	\$ 126,313,109.00	\$ 147,928,696.00	\$ 167,729,472.00
Fire	Pension Liability	\$ 298,110,744.00	\$ 321,909,072.00	\$ 352,861,977.00
	Net Pension Liability	\$ 171,797,635.00	\$ 173,980,376.00	\$ 185,132,505.00
	Pension Net Position	\$ 285,048,741.00	\$ 339,984,868.00	\$ 367,066,554.00
Total	Pension Liability	\$ 618,426,900.00	\$ 696,259,704.00	\$ 763,112,125.00
	Net Pension Liability	\$ 333,378,159.00	\$ 356,274,836.00	\$ 396,045,571.00

As you can see from the chart above, the City continues to have a structural issue with how fast pension liabilities are growing compared to pension net position or cash reserves. During the time period above, the fund performed well and saw a 28% or \$82 million increase in pension net position which beats actuarial assumptions. However, the pension liability during that time period also increased 23.4% or \$144.6 million. This resulted in an 18.8% or \$62.7 million increase in net pension liability.

<b>Question 3</b> 20 Parcel Estimate across the City: Cost of Property Taxes/Pension Fees/ Stormwater Fees and the percentage increase annually?	<b>Question From</b> Ruckriegel	<b>Answer From</b> Finance
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The City of Peoria levies property taxes for general services as well as charging residents their garbage fee on their property tax bill. In addition, quarterly residents receive a storm water utility bill as well annually for a public safety pension fee. Staff reviewed 20 total parcels (4 from each of the 5 City district’s) to come to an average bill paid to the City over the last 3 years as well as the average increase over the last two years. Below is the chart showing these averages:

	2019	2020	2021	2020	2021
	Total	Total	Total	Change	Change
Averages	\$1,045.20	\$1,089.70	\$1,124.74	4%	3%

The average bill paid to the City of Peoria of this sample was \$1,045.20 in 2019 and increased to \$1,124.74 in 2021. That equates to a 4% increase in 2020 and a 3% increase in 2021. Digging a little bit deeper below is the average increase by type over the last 2 years.

	Storm Water		Pension Fee		Property Tax/Garbage	
	2020	2021	2020	2021	2020	2021
	Change	Change	Change	Change	Change	Change
<b>Average</b>	33%	25%	26%	21%	4%	2%

The percentage increases are based on the sample size chosen and for the pension fee the increase fluctuated based on the square footage of the property. Combining these charges onto a resident’s tax bill would increase their tax bill on average \$175.75. Mechanically, the City Council would need to increase the tax levy by approximately \$14.2 million dollars to capture what the City is capturing in these fees. The one other major distinction is once these fees are instead levied as taxes, the impact would be based on the properties equalized assessed value (EAV) instead of square footage of the property. Therefore if a property has the same square footage as another property but is assessed at a higher rate that property will pay a higher proportion of the \$14.2 million where in the past both properties would have paid the same rate.

<p><b>Question 4</b> 7 year budget estimate</p>	<p><b>Question From</b> Ruckriegel</p>	<p><b>Answer From</b> Finance City Manager</p>
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As part of the annual budget process, City staff reviews a multi-year financial projection to review the impact current revenues and expenditures will affect future budgets. Staff have created 3 models that show the different options Council.

**Model A**

Model A is the base model with no operational cuts and no additional debt offerings beyond revolving loan funds for CSO projects. This scenario has a deficit in 2024 totaling \$6,992,588 with the deficits each year declining until there is a surplus in 2029 of \$3,735,602. Over the additional 5 years of the projection this scenario would have the City using \$13,094,818 of existing cash on hand. The surpluses in the out year are due to lower levels of debt in 2028 and 2029.

**Model B**

Model B looks to the operating budget to make cuts. This scenario has the same base level assumptions as Model A but includes \$1.5 million in wage cuts and \$1.5 million in contractual service cuts in 2024. This lowers the deficit in 2024 to \$3,992,588. It also lowers the budget deficits in other years. The net impact of this scenario would add \$5,714,809 to the City’s bottom line by 2029. This scenario also does not include additional debt beyond debt for the CSO.

**Model C**

Due to the fact that the City has a large amount of debt beginning to roll off in 2027, Model C looks at the City offering \$20 million in capital bonds in 2024. This would move some of the capital spending in 2024 and 2025 from pay as you go to debt financed. This model includes no operational cuts during the life of the projection. The 2024 budge would have a surplus due to the \$20 million debt offering. Over the life of the projection this projection would add \$4,917,341 to the City’s bottom line.

**Conclusions**

There are numerous paths Council could take to balance the City’s budget in the long term. Another option not included in these options is the creation of regional taxing authority to fund the operations of the Civic Center. This change would allow the City use a larger portion of the City’s HRA taxes towards obligations including public safety pensions. Any mix of these options can be combined together to reach a balance budget in the long term and ensure the City’s finances are within policy.

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MODEL A: BASE ESTIMATE		2024	2025	2026	2027	2028	2029
		CMO	CMO	CMO	CMO	CMO	CMO
TOTAL	LOCAL SOURCES	(156,178,056)	(159,301,617)	(162,487,649)	(165,737,402)	(169,052,150)	(172,433,193)
TOTAL	FEDERAL SOURCES	(16,344,525)	(2,648,517)	(2,701,487)	(2,755,517)	(2,810,627)	(2,866,840)
TOTAL	STATE SOURCES	(59,948,146)	(61,147,109)	(62,370,051)	(63,617,452)	(64,889,801)	(66,187,598)
TOTAL	OTHER FIN SOURCES	(14,411,500)	(7,411,500)	(7,411,500)	(7,411,500)	(7,411,500)	(7,411,500)
<b>TOTAL</b>	<b>REVENUE</b>	<b>(246,880,203)</b>	<b>(230,506,718)</b>	<b>(234,968,662)</b>	<b>(239,519,845)</b>	<b>(244,162,051)</b>	<b>(248,897,102)</b>
TOTAL	TRANSFERS IN	(30,399,985)	(30,609,685)	(30,622,735)	(25,025,265)	(21,699,335)	(23,690,211)
<b>TOTAL</b>	<b>SOURCES</b>	<b>(277,280,188)</b>	<b>(261,116,403)</b>	<b>(265,591,397)</b>	<b>(264,545,110)</b>	<b>(265,861,386)</b>	<b>(272,587,312)</b>
TOTAL	PERSONNEL EXP	71,516,855	73,304,777	75,137,396	77,015,831	78,941,227	80,914,758
TOTAL	BENEFITS EXP	35,707,174	37,492,533	39,367,160	41,335,517	43,402,293	45,572,408
TOTAL	CONTRACTUAL EXP	69,523,161	63,718,392	64,355,576	64,999,132	65,649,123	66,305,615
TOTAL	SUPPLIES EXP	4,225,112	4,267,363	4,310,037	4,353,137	4,396,669	4,440,635
TOTAL	CAPITAL EXP	51,300,503	35,868,500	31,654,000	33,761,250	34,436,475	35,125,205
TOTAL	DEPRECIATION EXP	0	0	0	0	0	0
TOTAL	DEBT SERVICE	21,599,985	21,700,135	21,669,685	21,720,735	16,138,165	12,802,880
<b>TOTAL</b>	<b>EXPENSES</b>	<b>253,872,790</b>	<b>236,351,700</b>	<b>236,493,854</b>	<b>243,185,603</b>	<b>242,963,952</b>	<b>245,161,500</b>
TOTAL	TRANSFERS OUT	30,399,985	30,609,685	30,622,735	25,025,265	21,699,335	23,690,211
<b>TOTAL</b>	<b>USES</b>	<b>284,272,775</b>	<b>266,961,385</b>	<b>267,116,589</b>	<b>268,210,868</b>	<b>264,663,287</b>	<b>268,851,711</b>
Net		(6,992,588)	(5,844,982)	(1,525,192)	(3,665,758)	1,198,099	3,735,602

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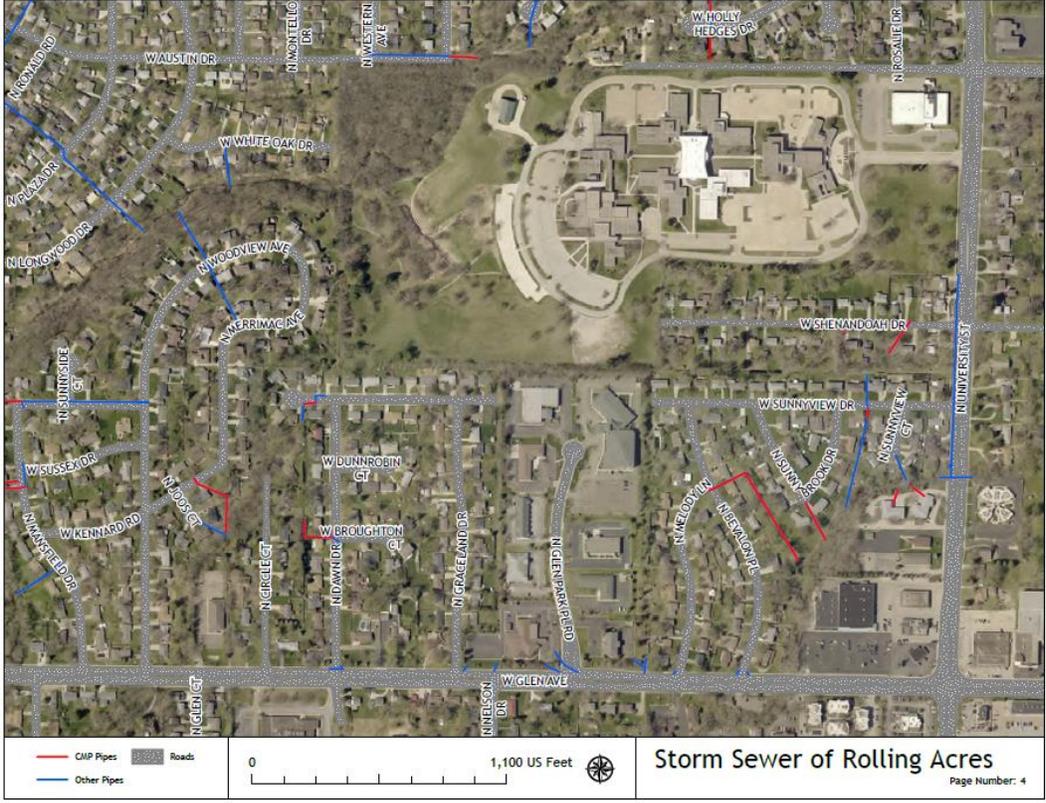
<b>MODEL B: OPERATIONAL CUTS</b>		<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
		<b>CMO</b>	<b>CMO</b>	<b>CMO</b>	<b>CMO</b>	<b>CMO</b>	<b>CMO</b>
TOTAL	LOCAL SOURCES	(156,178,056)	(159,301,617)	(162,487,649)	(165,737,402)	(169,052,150)	(172,433,193)
TOTAL	FEDERAL SOURCES	(16,344,525)	(2,648,517)	(2,701,487)	(2,755,517)	(2,810,627)	(2,866,840)
TOTAL	STATE SOURCES	(59,948,146)	(61,147,109)	(62,370,051)	(63,617,452)	(64,889,801)	(66,187,598)
TOTAL	OTHER FIN SOURCES	(14,411,500)	(7,411,500)	(7,411,500)	(7,411,500)	(7,411,500)	(7,411,500)
<b>TOTAL</b>	<b>REVENUE</b>	<b>(246,880,203)</b>	<b>(230,506,718)</b>	<b>(234,968,662)</b>	<b>(239,519,845)</b>	<b>(244,162,051)</b>	<b>(248,897,102)</b>
TOTAL	TRANSFERS IN	(30,399,985)	(30,609,685)	(30,622,735)	(25,025,265)	(21,699,335)	(23,690,211)
<b>TOTAL</b>	<b>SOURCES</b>	<b>(277,280,188)</b>	<b>(261,116,403)</b>	<b>(265,591,397)</b>	<b>(264,545,110)</b>	<b>(265,861,386)</b>	<b>(272,587,312)</b>
TOTAL	PERSONNEL EXP	70,016,855	71,767,277	73,561,459	75,400,495	77,285,508	79,217,645
TOTAL	BENEFITS EXP	35,707,174	37,492,533	39,367,160	41,335,517	43,402,293	45,572,408
TOTAL	CONTRACTUAL EXP	68,023,161	62,203,392	62,825,426	63,453,681	64,088,217	64,729,100
TOTAL	SUPPLIES EXP	4,225,112	4,267,363	4,310,037	4,353,137	4,396,669	4,440,635
TOTAL	CAPITAL EXP	51,300,503	35,868,500	31,654,000	33,761,250	34,436,475	35,125,205
TOTAL	DEPRECIATION EXP	0	0	0	0	0	0
TOTAL	DEBT SERVICE	21,599,985	21,700,135	21,669,685	21,720,735	16,138,165	12,802,880
<b>TOTAL</b>	<b>EXPENSES</b>	<b>250,872,790</b>	<b>233,299,200</b>	<b>233,387,766</b>	<b>240,024,816</b>	<b>239,747,327</b>	<b>241,887,873</b>
TOTAL	TRANSFERS OUT	30,399,985	30,609,685	30,622,735	25,025,265	21,699,335	23,690,211
<b>TOTAL</b>	<b>USES</b>	<b>281,272,775</b>	<b>263,908,885</b>	<b>264,010,501</b>	<b>265,050,081</b>	<b>261,446,662</b>	<b>265,578,083</b>
Net		(3,992,588)	(2,792,482)	1,580,896	(504,971)	4,414,724	7,009,229

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<b>MODEL C: ADDITIONAL DEBT</b>		<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
		<b>CMO</b>	<b>CMO</b>	<b>CMO</b>	<b>CMO</b>	<b>CMO</b>	<b>CMO</b>
TOTAL	LOCAL SOURCES	(156,178,056)	(159,301,617)	(162,487,649)	(165,737,402)	(169,052,150)	(172,433,193)
TOTAL	FEDERAL SOURCES	(16,344,525)	(2,648,517)	(2,701,487)	(2,755,517)	(2,810,627)	(2,866,840)
TOTAL	STATE SOURCES	(59,948,146)	(61,147,109)	(62,370,051)	(63,617,452)	(64,889,801)	(66,187,598)
TOTAL	OTHER FIN SOURCES	(34,411,500)	(7,411,500)	(7,411,500)	(7,411,500)	(7,411,500)	(7,411,500)
<b>TOTAL</b>	<b>REVENUE</b>	<b>(266,882,227)</b>	<b>(230,508,743)</b>	<b>(234,970,688)</b>	<b>(239,521,872)</b>	<b>(244,164,079)</b>	<b>(248,899,131)</b>
TOTAL	TRANSFERS IN	(30,399,985)	(30,609,685)	(30,622,735)	(25,025,265)	(21,699,335)	(23,690,211)
<b>TOTAL</b>	<b>SOURCES</b>	<b>(297,282,212)</b>	<b>(261,118,428)</b>	<b>(265,593,423)</b>	<b>(264,547,137)</b>	<b>(265,863,414)</b>	<b>(272,589,341)</b>
TOTAL	PERSONNEL EXP	71,516,855	73,304,777	75,137,396	77,015,831	78,941,227	80,914,758
TOTAL	BENEFITS EXP	35,707,174	37,492,533	39,367,160	41,335,517	43,402,293	45,572,408
TOTAL	CONTRACTUAL EXP	69,523,161	63,718,392	64,355,576	64,999,132	65,649,123	66,305,615
TOTAL	SUPPLIES EXP	4,225,112	4,267,363	4,310,037	4,353,137	4,396,669	4,440,635
TOTAL	CAPITAL EXP	51,300,503	35,868,500	31,654,000	33,761,250	34,436,475	35,125,205
TOTAL	DEPRECIATION EXP	0	0	0	0	0	0
TOTAL	DEBT SERVICE	21,599,985	21,700,135	21,669,685	21,720,735	17,138,165	13,802,880
<b>TOTAL</b>	<b>EXPENSES</b>	<b>253,872,790</b>	<b>236,351,700</b>	<b>236,493,854</b>	<b>243,185,603</b>	<b>243,963,952</b>	<b>246,161,500</b>
TOTAL	TRANSFERS OUT	30,399,985	30,609,685	30,622,735	25,025,265	21,699,335	23,690,211
<b>TOTAL</b>	<b>USES</b>	<b>284,272,775</b>	<b>266,961,385</b>	<b>267,116,589</b>	<b>268,210,868</b>	<b>265,663,287</b>	<b>269,851,711</b>
Net		13,009,436	(5,842,957)	(1,523,166)	(3,663,731)	200,127	2,737,631







<b>Question 6</b> Fire Budget 2018-2020, Overtime usage in the Fire Department	<b>Question From</b> Riggenbach	<b>Answer From</b> Finance Fire
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**Fire Budget 2018-2020**

Below is the performance of the Fire Department budget for 2018 to 2020 with the inclusion of how much overtime has been spent in each year:

	2020	2019	2018
Budget	\$19,853,072.00	\$19,213,222.00	\$20,525,297.00
Actual	\$20,017,158.79	\$19,237,780.72	\$20,388,089.62
Net	(\$164,086.79)	(\$24,558.72)	\$137,207.38
OT	\$1,614,646.23	\$646,582.51	\$1,139,426.63

The budgets above do not include allocated benefit costs that are centralized in the General Fund in the HR budget and allocated at year end. Beginning in 2022, these benefits will be allocated to each department.

**Overtime Process – Fire Department**

The Fire Department has 2 overtime books for each of the 3 shifts. The books have an overtime page for each of the firefighters on their respective shifts. The first book is for 24 hours overtime and the second book is for anything that is less than 24 hours, usually 12 hours. The reason for the 2 books is to allow everyone to have the same opportunity for a 24-hour hire.

In the event that there is overtime available for the next shift, the Captain will open the appropriate overtime book to see who is first up for overtime. The Captain will call that firefighter and ask them if they would like to work and let them know whether it is 24 hours of overtime or 12 hours. If the firefighter turns down the overtime they are passed up and go to the back of the list for their shift. If the firefighter accepts the overtime it is marked in the book that they accepted the overtime and they go to the back of the list.

In 2021 the department was short 14 firefighters up until September of this year when our recruit class of 16 graduated. We had 1 resignation in July, 1 retirement in August and 1 in September, which leaves us 1 firefighter short of our full compliment. With the reinstatement of the Engine company we anticipate that we will still have a few more firefighters available to address the overtime than we had for the first eight months of 2021.

Overtime is voluntary for our firefighters. For 2021 our firefighters have been offered a 24-hour overtime shift just under 2 times per month and 12 hour overtime at approximately the same rate.

<b>Question 7</b>	<b>Question From</b>	<b>Answer From</b>
Sustainability Summary – What projects are we working on that meet sustainability goals city wide?	Jensen	Public Works

The attached pdf highlights green infrastructure projects built in the City. The CSO project will provide 18 years of capital investment in green infrastructure to meet our Clean Water Act goals.

The City completed a street light conversion to LED project in 2020-2021 (estimate \$200,000 per annum electricity saving). For over 10 years, the City has operated with LED traffic signals.

The City’s waste management contract includes the diversion of recyclables from the landfill and bi-weekly collection of recyclables.

City facilities also have been converted to LED lights.

The City’s municipal aggregation program has purchased green energy in the past for the 38,000 residential and small business accounts. The passage of the Energy Transition Act by the Illinois General Assembly permits Ameren to establish a utility-scale solar pilot project near Peoria. This will provide the opportunity for our program to work with Ameren to see that the green energy purchased by our program is **local** green energy.